92-05477/

ANNUAL REPORT

for the fiscal year
ending March 31, 1991

Nova Scotia Lottery Commission

His Honour
The Honourable Lloyd R. Crouse, P.C.
Lieutenant-Governor of the
Province of Nova Scotia

Dear Sir:

I have the honour to transmit herewith the annual report of the Nova Scotia Lottery Commission for the fiscal year ended March 31, 1991.

I am, Your Honour,

Yours sincerely,

Greg Kerr

Greg Kerr
Minister

The Honourable Greg Kerr
Minister in Charge of
Administration of
The Lottery Act
Province of Nova Scotia

Dear Sir:

Presented herewith in accordance with Section 15(1) of the Nova Scotia Lottery Act 1976, c.14, s.1, is the annual report of the Nova Scotia Lottery Commission for the year ending March 31, 1991.

Respectfully submitted,

D.T. Tobin, C.A.
Chairman

CHAIRMAN'S REPORT

Revenue generated by the Nova Scotia Lottery Commission for the fiscal year ended March 31, 1991, totalled $29,011,554.

During this fiscal period, Nova Scotia's share of profits realized by the Atlantic Lottery Corporation through the sale of the various lottery products, ranging from Auto Plus to Scratch and Win to the greatest revenue producer, 6/49 tickets, was $27,447,539.

The Commission collected $1,564,015 in fees for licensing bingos, ticket draws, and games of chance. It issued 2,650 licenses for draws awarding prizes in excess of $150 and 2,329 permits for raffles offering prizes valued at $150 or less.

Improving the administrative efficiency of the Commission was one of the major priorities during this fiscal period. This was accomplished with the installation of a computer system for the accounting functions, data collection, and retrieval of vital lottery information not previously possible.

The Commission completed a detailed study on the implementation of a video gaming regulatory regime during the year under review. This study was in response to the expansion of illegal gambling machines, for example, grey area amusement devices or poker machines in Nova Scotia. Nova Scotia's law enforcement agencies had been attempting to eliminate this activity for the past several years.

As a result of this study, the Honourable Greg Kerr, Minister Responsible for Lotteries, announced in February 1991 that a Video Lottery Program would be operated in the province by an agreement with the Atlantic Lottery Corporation. The program, when it comes on stream early in the next fiscal year, will allow licensed liquor establishments (except restaurants), convenience stores and bowling alleys access to video lottery terminals.

New Regulations pursuant to the Lottery Act and the Theatres and Amusements Act to control this gaming activity are in the final drafting stages and when in place will mark the start up of the Video Lottery Program and the elimination of the illegal devices.

Negotiations with Sport Nova Scotia, Exhibition Associations of Nova Scotia, and the Cultural Federations of Nova Scotia resulted in a dramatic change in the 15-year Bonus Commission Program. Declining ticket sales in Auto Plus and Provincial lottery tickets and constant fluctuations in bonus commission revenue caused the Commission to approve funding at a set level for the three provincial agencies to commence in the 1991–92 fiscal year.

This year the Bonus Commission Program provided the groups with $171,751.25 to financially assist them with their various projects, services, and programs. The Bonus Commission Program continues for individual sport, recreation, and cultural groups.

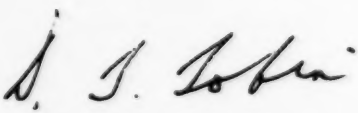
Since the Breakopen Ticket Program was introduced five years ago to assist charitable and community organizations, their fundraising efforts have realized a profit of $2,803,680. During the current fiscal period, 3,110 units of tickets were sold, netting licensees $684,200.

Mr. Louis Stephen, Deputy Minister of Housing, and I continue to represent the Province of Nova Scotia on the Board of Directors of the Atlantic Lottery Corporation. This year marked my second term as Chairman of the Corporation.

The following pages contain the audited financial statements of the Nova Scotia Lottery Commission for the fiscal year ended March 31, 1991.

In Nova Scotia, lotteries continue to be a significant source of revenue for both the charitable and volunteer sectors, as well as for the Government of Nova Scotia. Lottery officials are constantly evaluating and improving the product mix to maximize the financial benefits to ensure continued support for many provincial and community programs and services.

Respectfully submitted,



D.T. Tobin, C.A.
Chairman

PROVINCE OF NOVA SCOTIA

NOVA SCOTIA LOTTERY COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 1991

AUDITOR'S REPORT

To the Minister of Finance; and

To the Chairman and Members of the
Nova Scotia Lottery Commission

I have audited the balance sheet of the Nova Scotia Lottery Commission as at March 31, 1991 and the statement of income for the year then ended. These financial statements are the responsibility of the Commission. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1991 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

R.S. Gunn, C.A.
Deputy Auditor General

July 18, 1991
Halifax, Nova Scotia

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA LOTTERY COMMISSION
BALANCE SHEET AS AT MARCH 31, 1991

ASSETS

	1991	1990
Current		
Cash	$2,974	$13,591
Due from Atlantic Lottery Corporation Inc.	2,687,800	2,093,465
	2,690,774	2,107,056
Long-term		
Due from Atlantic Lottery Corporation Inc.	553,235	440,837
Investment in Atlantic Lottery Corporation Inc., at cost (Note 3)	100	100
Investment in Interprovincial Lottery Corporation, at cost (Note 4)	1	1
	553,336	440,938
	$3,244,110	$2,547,994

LIABILITIES AND EQUITY

Current		
Accounts payable	$402,263	$387,551
Commissions payable	54,973	34,960
Due to Province of Nova Scotia (Note 5)	2,233,639	1,684,646
	2,690,875	2,107,157
Equity		
Fixed assets of Atlantic Lottery Corporation Inc.	553,235	440,837
	$3,244,110	$2,547,994

APPROVED ON BEHALF OF THE BOARD

D. J. Tobin — Chairman

Clyde M. Horner — Member

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA LOTTERY COMMISSION
STATEMENTS OF INCOME
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
Revenues		
Income from Atlantic Lottery Corporation Inc.	$27,447,539	$27,577,196
Income from lottery licenses	1,564,015	1,551,771
Interest on short-term deposits	—	1,007
	29,011,554	29,129,974
Expenses		
Advertising	1,845	2,254
Commissions on ticket sales	171,239	233,281
Miscellaneous	1,373	2,838
Motor vehicle	18,983	21,002
Office equipment	9,642	8,938
Postage	7,619	8,315
Professional services	839	1,713
Rent (Note 6)	—	2,700
Salaries and employees' benefits	318,688	295,593
Supplies	11,485	10,156
Telephone	7,478	8,245
Travel	24,355	25,873
	573,546	620,908
Net Income	$28,438,008	$28,509,066

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA LOTTERY COMMISSION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority

The Nova Scotia Lottery Commission was established under the Lottery Act proclaimed in 1976. The purpose of the Commission is to develop, organize, undertake, conduct, and manage lottery schemes on behalf of the Province of Nova Scotia, or on behalf of the Province of Nova Scotia and other provinces that have an agreement with Nova Scotia respecting any such lottery schemes.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the policy of charging equipment purchases to expense in the year of acquisition.

3. Atlantic Lottery Corporation Inc.

The Atlantic Lottery Corporation Inc. was incorporated in September, 1976 under the Canada Business Corporations Act to conduct and manage lotteries in Atlantic Canada. The Nova Scotia Lottery Commission holds one of four shares of this Corporation. The Corporation distributes the profits of each lottery in the same proportion as the sales of lottery tickets in the Province.

4. Interprovincial Lottery Corporation

The Interprovincial Lottery Corporation was created by the provinces to administer national lotteries. The Nova Scotia Lottery Commission holds one share in this Corporation on behalf of the Province of Nova Scotia.

5. Due to Province of Nova Scotia

	1991	1990
Balance, beginning of year	$ 1,684,646	$ 1,657,351
Add: Net income	28,438,008	28,509,066
	30,122,654	30,166,417
Less: Payments to the Province	26,325,000	26,930,000
Income from lottery licenses collected directly by the Province	1,564,015	1,551,771
	27,889,015	28,481,771
Balance, end of year	$ 2,233,639	$ 1,684,646

6. Occupancy Costs

In 1989 and prior years, occupancy costs were borne by the Commission. The costs of space rental, realty tax, and building operating costs are now paid by the Department of Government Services and are not reflected in these financial statements. These costs amount to $55,191 for the 1991 fiscal year ($53,600 for 1990).

7. Goods and Services Tax

Effective January 1, 1991, lottery products are GST taxable. The Atlantic Lottery Corporation Inc. made the decision to sell lottery products GST included and absorb the cost.

8. Subsequent Event

In May 1991, the Commission entered into an agreement with Atlantic Lottery Corporation Inc. to launch a video lottery program in the Province.